

Message Text

CONFIDENTIAL

PAGE 01 JAKART 12507 01 OF 02 142005Z
ACTION EA-12

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TO SECSTATE WASHDC 1443
INFO AMEMBASSY BANGKOK
AMEMBASSY KUALA LUMPUR
AMEMBASSY MANILA
AMEMBASSY PARIS
AMEMBASSY SINGAPORE
AMEMBASSY VIENTIANE
CINCPAC HONOLULU HI

C O N F I D E N T I A L SECTION 1 OF 2 JAKARTA 12507

E.O. 11652: GDS
TAGS: PEPR, FR, ID
SUBJECT: FRENCH FOREIGN MINISTER VISITS INDONESIA

1. SUMMARY: THE VISIT OF FRENCH FOREIGN MINISTER LOUIS DE
GUIRINGAUD TO INDONESIA SEPTEMBER 8-12 FOCUSED PRIMARILY ON
TRADE AND INVESTMENT ALTHOUGH IT INCLUDED A GENERAL EXCHANGE
OF VIEWS ON POLITICAL AFFAIRS IN SOUTHEAST ASIA AND OTHER
AREAS. IN ADDITION TO DE GUIRINGAUD'S TALKS WITH THE PRESI-
DENT, VICE PRESIDENT, AND SEVERAL MINISTERS, HIS ACCOMPANYING
TEAM OF INDUSTRIALISTS AND BANKERS STAYED ON TO ENGAGE IN DE-
TAILED DISCUSSIONS WITH INDONESIAN OFFICIALS ON COMMERCIAL
PROJECTS. AFTER DISCUSSING MILITARY EQUIPMENT NEEDS WITH
DE GUIRINGAUD THE GOI HAS DECIDED TO SEND A MISSION TO FRANCE
LATER THIS MONTH TO EXPLORE PURCHASE POSSIBILITIES, AND
DEFENSE MINISTER JUSUF WILL GO TO PARIS IN OCTOBER. DE
GUIRINGAUD EMPHASIZED FRENCH INTEREST IN SOUTHEAST ASIA
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JAKART 12507 01 OF 02 142005Z

AND THEIR HOPE TO ASSIST IN SMOOTHING RELATIONS BETWEEN
ASEAN AND THE INDOCHINA STATES, AND URGED THE BIG POWERS
TO RESPECT ASEAN'S DESIRE TO BUILD A ZONE OF PEACE, FREE-
DOM AND NEUTRALITY IN THE REGION. BOTH FRENCH AND INDO-
NESIAN OFFICIALS EXPRESSED SATISFACTION WITH THE VISIT AND
THE HOPE THAT IT WOULD LEAD TO INCREASED BILATERAL COOPERA-
TION IN TRADE AND INVESTMENT FURTHERING ECONOMIC DEVELOPMENT.

END SUMMARY.

2. FRENCH FOREIGN MINISTER LOUIS DE GUIRINGAUD PAID A FOUR-DAY OFFICIAL VISIT TO INDONESIA SEPTEMBER 8-12 AT THE INVITATION OF FOREIGN MINISTER MOCHTAR KUSUMAATMADJA. HIS DELEGATION OF TEN SENIOR OFFICIALS AND SIX JOURNALISTS WAS JOINED IN JAKARTA BY 20 PROMINENT FRENCH INDUSTRIALISTS AND BANKERS, MANY OF WHOM STAYED ON TO HOLD FURTHER DISCUSSIONS ON TRADE AND INVESTMENT WITH THE INDONESIANS. THIS WAS THE FIRST VISIT TO INDONESIA BY A FRENCH FOREIGN MINISTER, AND DE GUIRINGAUD TOLD REPORTERS HERE THAT PRESIDENT GISCARD D'ESTAING WOULD ALSO BE PLEASED TO VISIT INDONESIA IN RESPONSE TO PRESIDENT SUHARTO'S INVITATION IN 1972 DURING HIS PARIS VISIT, BUT NO DATE HAD YET BEEN SET.

3. IN THE COURSE OF HIS VISIT DE GUIRINGAUD CALLED ON PRESIDENT SUHARTO AND VICE PRESIDENT ADAM MALIK, AND HELD SUBSTANTIVE DISCUSSIONS WITH THE COORDINATING MINISTER OF STATE FOR ECONOMIC, FINANCIAL AND INDUSTRIAL AFFAIRS, AND THE MINISTERS OF DEFENSE, INDUSTRY, COMMUNICATIONS, TRADE AND COOPERATIVES, AND RESEARCH AND TECHNOLOGY. ECONOMIC AFFAIRS WERE HIGHLIGHTED, WITH PRESIDENT SUHARTO COMMENTING THAT DE GUIRINGAUD'S VISIT WAS WELL TIMED BECAUSE INDONESIA WAS ABOUT TO IMPLEMENT REPELITA III (THIRD FIVE-YEAR DEVELOPMENT PLAN) TO INCREASE THE PEOPLE'S LIVING STANDARDS. AFTER CALLING ON SUHARTO AND MALIK, DE GUIRINGAUD SAID
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKART 12507 01 OF 02 142005Z

FRANCE WAS READY TO COOPERATE WITH INDONESIA ON REPELITA III AND WAS IN AGREEMENT WITH SUHARTO'S VIEW ON THE NEED FOR NATIONAL AND REGIONAL RESILIENCE, PARTICULARLY IN ASEAN, WHICH COULD BE FURTHERED BY ECONOMIC DEVELOPMENT.

4. MINISTER OF TRADE AND COOPERATIVES RADIUS PRAWIRO TOLD THE FRENCH FOREIGN MINISTER THAT HE WAS CONCERNED ABOUT THE TRADE IMBALANCE BETWEEN THE TWO COUNTRIES, SINCE THREE PERCENT OF INDONESIA'S IMPORTS COME FROM FRANCE WHILE ONLY ONE-HALF PERCENT OF ITS EXPORTS WENT THERE. HE EMPHASIZED THAT THE GOI WAS PREPARED TO ASSIST IN ANY WAY NECESSARY TO BOLSTER FRENCH INVESTMENT IN INDONESIA. MINISTER OF STATE/STATE SECRETARY AND ACTING INFORMATION MINISTER SUDHARMO LATER TOLD REPORTERS THAT FRENCH PRIVATE INVESTMENT HERE WAS FAR LESS THAN THAT OF OTHER DEVELOPED NATIONS, BUT FOR THIS VERY REASON DE GUIRINGAUD'S VISIT WAS IMPORTANT TO INDONESIA. (NOTE: FRANCE RANKS SIXTH AMONG THE EUROPEAN COUNTRIES INVESTING IN INDONESIA.) AFTER HIS TALK WITH DE GUIRINGAUD, COORDINATING MINISTER FOR ECONOMY, FINANCE AND INDUSTRY WIDJOJO NITISASTRO ANNOUNCED THAT FRANCE WOULD INCREASE ITS INVESTMENTS HERE, NOW ESTIMATED AT \$50 MILLION NOT INCLUDING OIL INVESTMENTS.

5. MINISTER OF INDUSTRY SOEHOED TOLD REPORTERS THAT THE FRENCH BUSINESSMEN IN THE FOREIGN MINISTER'S PARTY WERE INTERESTED IN THE CONSTRUCTION OF AN OIL REFINERY IN DUMAI (SUMATRA), A PETROCHEMICAL AND FERTILIZER FACTORY IN GRESIK (E. JAVA), AND A PAPER MILL IN LECES (E. JAVA), AND THE FRENCH GOVERNMENT WOULD COOPERATE IN THE BUILDING OF AN AIRPORT AT CENGKARENG IN JAKARTA, A SEAPORT, AND A SHIPYARD IN SURABAYA. ACCORDING TO SOEHOED, THE FRENCH BUSINESSMEN ALSO WANTED TO COOPERATE IN THE CONSTRUCTION OF POWER INSTALLATIONS AND EXPLORATION FOR URANIUM IN INDONESIA. DE GUIRINGAUD HAD PREVIOUSLY STATED IN AN INTERVIEW FOR TEMPO MAGAZINE THAT HE HOPED FOR SUCCESSFUL BILATERAL COOPERATION IN EXPLORING FOR URANIUM.

CONFIDENTIAL

CONFIDENTIAL

PAGE 04 JAKART 12507 01 OF 02 142005Z

6. DEFENSE AND SECURITY MINISTER GENERAL JUSUF STATED THAT HE HAD DISCUSSED WITH DE GUIRINGAUD THE POSSIBILITY OF PURCHASING MILITARY EQUIPMENT FOR THE INDONESIAN ARMED FORCES FROM FRANCE, INCLUDING LIGHT, MEDIUM AND HEAVY TANKS. OTHER REPORTS SAID FIGHTER PLANES, COMMUNICATIONS EQUIPMENT, AND LIGHT ARMS WERE ALSO MENTIONED. JUSUF SAID AN INDONESIAN DELEGATION WOULD VISIT FRANCE AT THE END OF SEPTEMBER TO EXPLORE POSSIBILITIES OF WEAPONS PURCHASES, AND HE HIMSELF

CONFIDENTIAL

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PAGE 01 JAKART 12507 02 OF 02 142001Z

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C O N F I D E N T I A L SECTION 2 OF 2 JAKARTA 12507

WOULD GO TO FRANCE AT THE END OF OCTOBER. ACCORDING TO DE GUIRINGAUD, NO DECISIONS WOULD BE MADE UNTIL THE INDO-NESEAN DELEGATION HAD RETURNED. (THE FRENCH REPORTEDLY HAVE A FUND OF \$200 MILLION AVAILABLE TO PROVIDE MILITARY SALES CREDITS TO INDONESIA ON VERY ATTRACTIVE TERMS.)

7. IN HIS INTERVIEW WITH TEMPO PRIOR TO HIS ARRIVAL IN JAKARTA, DE GUIRINGAUD HAD STATED THAT FRANCE VIEWS SOUTH-EAST ASIA AS ONE OF THE MOST IMPORTANT AREAS IN THE WORLD IN THIS PERIOD, BOTH FOR ITS GEOGRAPHICAL POSITION AND FOR ITS POSSIBILITIES IN ECONOMIC DEVELOPMENT. INDONESIA, HE SAID, PLAYS AN ESPECIALLY IMPORTANT ROLE DUE TO ITS LARGE POPULATION AND RICH NATURAL RESOURCES. ASKED IF FRANCE COULD PLAY A PART IN RECONCILING INDOCHINA, WITH ASEAN, HE SAID THAT, WITHOUT INTERFERING IN THE AFFAIRS OF OTHER COUNTRIES, FRANCE WAS ALREADY ATTEMPTING TO BRING ABOUT A RAPPROCHMENT IN SOUTHEAST ASIA BETWEEN NATIONS OF DIFFERING
CONFIDENTIAL

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PAGE 02 JAKART 12507 02 OF 02 142001Z

GOVERNMENTAL SYSTEMS. ACCORDING TO FONEPT ASIAN AND PACIFIC AFFAIRS DIRECTOR SUDARSONO, THE GOI SEES THE NEW FRENCH INTEREST IN SOUTHEAST ASIA AS THE RESULT OF A FRENCH BELIEF THAT AFRICA WILL REMAIN UNSTABLE FOR A LONG PERIOD AND A BETTER OUTLET MUST BE FOUND FOR THEIR SURPLUS INVESTMENT CAPITAL. WHILE DE GUIRINGAUD HAD NOT SUGGESTED IN HIS TALKS WITH INDONESIAN OFFICIALS THAT ASEAN SHOULD MAKE A SPECIAL EFFORT TO COOPERATE WITH VIETNAM AND SAID HE JUST WANTED TO BE HELPFUL IN PROVIDING AN ACCOUNT OF THE SITUATION IN THAT COUNTRY, SUDARSONO SAID THE FRENCH ACCOUNT ACTUALLY SEEMED RATHER SUPERFICIAL TO THE INDONESIANS AND PERHAPS REFLECTED FRANCE'S LONG ABSENCE FROM THE AREA. ASKED BY NEWSMEN IN JAKARTA ABOUT FRANCE'S ATTITUDE CONCERNING A ZONE OF PEACE, FREEDOM, AND NEUTRALITY IN SOUTHEAST ASIA, DE GUIRINGAUD SAID THE BIG POWERS SHOULD RESPECT THE DESIRE OF THE ASEAN MEMBER STATES TO MAKE THEIR REGION INTO SUCH A ZONE.

8. DE GUIRINGAUD TOLD REPORTERS HE HAD NOT DISCUSSED THE TIMOR QUESTION AT THE UNGA WITH HIS INDONESIAN COLLEAGUE, AND WHEN PRESSED FOR AN ANSWER ON FRANCE'S ATTITUDE AT THIS YEAR'S UNGA (AFTER ABSTAINING IN PREVIOUS YEARS), HE SAID ONLY THAT FRANCE WOULD SUPPORT EVERY ATTEMPT AT REDUCING TENSION. MOCHTAR TOLD THE PRESS THAT TIMOR HAD IN FACT

BEEN DISCUSSED AND HE HAD RECEIVED VALUABLE INFORMATION, BUT REFUSED TO ELABORATE. MOCHTAR COMMENTED AFTER HIS MEETING WITH DE GUIRINGAUD THAT INDONESIA SUPPORTS FRANCE'S PROPOSALS IN THE UN SPECIAL CONFERENCE ON DISARMAMENT, WHILE FRANCE WILL SUPPORT INDONESIA'S MEMBERSHIP ON THE DISARMAMENT COMMISSION.

9. REFERRING TO HIS TALKS WITH MINISTER OF STATE FOR RESEARCH AND TECHNOLOGY HABIBIE, DE GUIRINGAUD DISCLOSED AT HIS FINAL CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JAKART 12507 02 OF 02 142001Z

PRESS CONFERENCE THAT HE HAD CONVEYED FRANCE'S DECISION TO ASSIST THE TECHNOLOGY RESEARCH CENTER AT SERPONG, WEST JAVA, WITH ONE MILLION FRANCS FOR A SCIENTIFIC MUSEUM AND FIVE MILLION FRANCS FOR AN ELECTRONIC LABORATORY. IN HIS MEETING WITH COMMUNICATIONS MINISTER NURYADIN, HE SAID, THEY DISCUSSED INDONESIA'S PLANS TO PURCHASE 6 TO 8 NEW PUMA HELICOPTERS FROM FRANCE FOR INTER-ISLAND AIR COMMUNICATIONS AND THREE TRANSALL AIRCRAFT FOR THE TRANSPORTATION OF TRANSMIGRANTS TO NEW SETTLEMENTS. (WE HAVE BEEN TOLD BY THE FRENCH EMBASSY THAT THE NEGOTIATIONS ON THE TRANSALL AIRCRAFT HAVE NOT GONE BEYOND THE SIGNING OF A LETTER OF INTENT TO PURCHASE.)

10. THE FRENCH EMBASSY HERE CONSIDERED THE VISIT GENERALLY SUCCESSFUL, AND TOLD EMBOFF THAT IT FURTHERED FRANCE'S LONG TERM GOAL OF INCREASING TRADE AND INVESTMENT IN INDONESIA. FRENCH EMBOFF NOTED THAT THIS WAS THE FIRST TIME A FRENCH FOREIGN MINISTER HAD INCLUDED BUSINESSMEN IN HIS ENTOURAGE. HE SAID IT WAS TOO EARLY TO TELL WHAT WOULD BE THE END RESULT OF THE FORTHCOMING INDONESIAN ARMS PURCHASING MISSION TO FRANCE, BUT HE DENIED REPORTS THAT A MIRAGE ASSEMBLY PLANT MIGHT BE LOCATED IN INDONESIA. IN DISCUSSIONS WITH DE GUIRINGAUD, HE COMMENTED, GOI OFFICIALS HAD STRESSED THEIR HOPES FOR A LOWERING OF FRENCH TARIFFS AND HAD ASKED THAT THE UPCOMING EEC-ASEAN TALKS INCLUDE CABINET MINISTERS FROM EACH OF THE 9 EEC NATIONS.

11. COMMENT: GOI OFFICIALS HAVE GENERALLY EXPRESSED THEIR SATISFACTION WITH THE NEW-FOUND HIGH LEVEL FRENCH INTEREST IN INDONESIA, AND ALTHOUGH LITTLE OF SUBSTANCE HAS BEEN DECIDED THEY LOOK FORWARD TO INCREASED TRADE AND INVESTMENT GROWING OUT OF THE DISCUSSIONS WITH THE FRENCH INDUSTRIALISTS AND BANKERS WHO ACCOMPANIED DE GUIRINGAUD. FOREIGN MINISTER MOCHTAR TOLD REPORTERS AFTER THE VISIT, "WE MUST LOOK AT THE VISIT AS THE BEGINNING OF EFFORTS
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PAGE 04 JAKART 12507 02 OF 02 142001Z

TO PROMOTE THE RATHER NEW ECONOMIC RELATIONS, AS THE
PRINCIPAL AIM AT THE MOMENT IS TO STRENGTHEN ECONOMIC
AND TRADE RELATIONS IN ACCORDANCE WITH OUR CONTINUOUSLY
GROWING CAPABILITIES". PRESS COVERAGE OF THE VISIT WAS
HEAVY, AND EDITORIAL COMMENT WAS FAVORABLE, EXPRESSING
THE HOPE THAT INCREASED ECONOMIC AND TECHNOLOGICAL CO-
OPERATION WITH FRANCE AND OTHER EEC NATIONS WOULD FOLLOW.
INDONESIAN OFFICIALS WERE OBVOUSLY INTERESTED IN DE
GUIRINGAUD'S ASSESSMENT OF VIETNAMESE INTENTIONS IN THE
REGION, BUT, IF SUDARSONO'S REACTION WAS TOPICAL, LEARNED
LITTLE THEY DID NOT ALREADY KNOW.
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